# GOVERNMENT OF INDIA
# COMMERCE AND INDUSTRY
# LOK SABHA

UNSTARRED QUESTION NO:926
ANSWERED ON:06.03.2007
FDI IN SENSITIVE SECTORS
Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether there is any threat to National Security from Foreign Direct Investment (FDI) of certain countries in certain sectors as reported in the 'Times of India' dated February 14, 2007;

(b) if so, the details thereof;

(c) whether the existing system does not have a mechanism for examining comprehensively funds coming to sensitive sectors;

(d) if so, whether a high level secretaries panel has requested the National Security Council to prepare guidelines for areas to be watched;

(e) if so, the details of sectors identified as sensitive sectors; and

(f) the steps taken by the Government to address the security concerns at the screening level?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a)&(b) : Government is aware of the news item in the daily Times of India on February 14, 2007. All aspects of National security are of paramount concern of the Government.

(c) : Government has put in place a liberal Foreign Direct Investment (FDI) policy under which FDI is permitted on the automatic route in most sectors/activities and no prior Government approval is required. The Foreign Exchange Management

(Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, incorporating the FDI policy, indicates the countries from where investment is not permitted. Proposals requiring prior Government approval are considered by the Foreign Investment Promotion Board (FIPB), an inter-Ministerial body, which takes into account all factors, including security related issues.

(d)to(f) : All concerns of National security sensitivity are being constantly addressed suitably.